

State Dept. review completed -

Approved For Release 2002/08/28 : CIA-RDP83B00100R000120045-4  
CENTRAL INTELLIGENCE

3 January 1977

National Intelligence Officers

Executive Order  
77-0004

TO: DCI  
FROM: NIO/China

Attached is a telegram from USLO which reports that Chinese engineers will begin training in Houston on January 10th.

I thought this might be of interest to you.

Attachment:  
Cable

*To [redacted]*

*Jim:*

*Thanks! I know well.*  
*Now about that*  
*///*

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TOR: 290710Z DEC 76

R 290645Z DEC 76

FM USLO PEKING

TO RUEHC/SECSTATE WASHDC 6989

INFO RUMJDH/AMCONSUL HONG KONG 4167

BT

C O N F I D E N T I A L PEKING 2660

E.O. 11652: GDS

TAGS: ETRD, CH, US

SUBJ: DRESSER CONTRACT FOR OIL WELL LOGGING EQUIPMENT

1. A DRESSER INDUSTRIES DELEGATION HEADED BY E.C. BROWN, PRESIDENT OF DRESSER'S PETROLEUM SERVICES GROUP, RETURNED TO PEKING JUST BEFORE CHRISTMAS TO NEGOTIATE THE FINAL DETAILS OF THE SALE OF TRUCK-MOUNTED OIL WELL LOGGING EQUIPMENT (THE INITIAL CONTRACT WAS SIGNED IN NOVEMBER, 1975. FINAL AGREEMENT ON A PROTOCOL TO THE CONTRACT HAS BEEN REACHED AND IS SCHEDULED TO BE SIGNED WITH THE TECHNICAL IMPORT CORPORATION ON DECEMBER 30.

2. THE PROTOCOL INCLUDES THE ADDITIONAL SALE OF SPARE PARTS VALUED AT \$500,000 AND SPECIFICALLY ELIMINATES FROM THE ORIGINAL CONTRACT THE SALE OF OCILLISCOPIES AND THE DYNAMIC CONTROL PORTION OF THE COMPUTER (THE TERMS OF THE EXPORT LICENSE BLOCKED THE SALE OF THESE TWO ITEMS). DESPITE THE RESTRICTION IN THE LICENSE, TECHIMPORT OFFICIALS IN RECENT MONTHS HAVE CONTINUED TO PRESS DRESSER TO FIND SOME MEANS OF REVERSING THE DECISION AND INCLUDING THE ITEMS. DRESSER REFUSED TO DO SO AND ONLY AFTER THE GROUP ARRIVED IN PEKING FOR THIS VISIT DID THE CHINESE AGREE TO THE CHANGE.

3. THE CONTRACT INCLUDES PROVISIONS FOR A THREE MONTH TRAINING PROGRAM OF CHINESE ENGINEERS AND TECHNICIANS AT DRESSER HEADQUARTERS IN HOUSTON. A GROUP OF THIRTY-SEVEN IS SCHEDULED TO BEGIN TRAINING ON JANUARY 10 (HOWEVER, USLO HAS NOT YET RECEIVED VISA REQUESTS FROM MFA).

4. THE TOTAL CONTRACT, INCLUDING PROTOCOL, IS NOW WORTH JUST UNDER \$24 MILLION. THE EQUIPMENT IS SCHEDULED TO BE SHIPPED FROM HOUSTON BY MAY 1, 1977. US TECHNICIANS ARE TO TRAVEL TO THE PRC TO ASSIST THE CHINESE IN THE FINAL TESTING AND ASSEMBLY OF THE EQUIPMENT.

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5. THE GROUP WAS INTRIGUED BY THE FACT THAT FOR THE FIRST TIME THEY RECEIVED THEIR PRC VISAS FROM PROLO IN WASHINGTON RATHER THAN THROUGH THE PRC EMBASSY IN OTTAWA. PREVIOUSLY THE CHINESE HAD INSISTED THAT OTTAWA BE THE POINT OF CONTACT.

6. THIS MESSAGE CONTAINS COMMERCIALY SENSITIVE INFORMATION WHICH SHOULD NOT BE DISCUSSED OUTSIDE THE U.S.G. GATES

**C O N F I D E N T I A L**

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TRANSMITTAL SLIP		DATE
TO: NIO/China/ [ ]		
ROOM NO. 5G00	BUILDING Hqs.	
REMARKS:  Please send to [ ] [ ] of OER —  John — as you can see, the DCI maintains a lively interest in that subject — I sent him your memo + he read it with great humor on his way to Florida — Jim		
FROM: DCI		
ROOM NO.	BUILDING	EXTENSION

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FORM NO. 241  
1 FEB 55

REPLACES FORM 35-8  
WHICH MAY BE USED.

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